

Business for Better Transportation (BBT)

Chairman: Alan Kiriluk

Chairman

Kirco Development

Troy, Michigan

Who is BBT?

- Originated with the Oakland County Business Roundtable -- to address Oakland's congestion problem
- In 2006, grew to include 9 Michigan counties
- In 2007, grew statewide
- Dedicated to addressing Michigan's unfunded road & transit enhancement needs

Who is BBT:

Business & Public Sector Leaders

Road Commission members (26 counties):

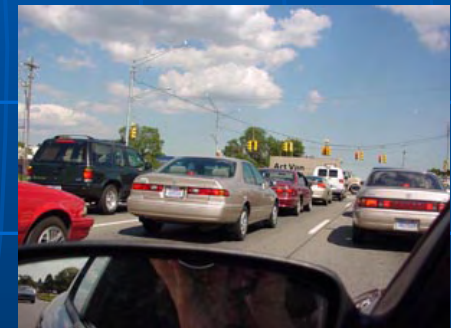
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|-------------|--------------|--------------|
| - Alcona | - Ionia | - Montcalm |
| - Allegan | - Isabella | - Muskegon |
| - Barry | - Kalamazoo | - Oakland |
| - Chippewa | - Kent | - Oceana |
| - Clinton | - Leelanau | - Ottawa |
| - Crawford | - Livingston | - Shiawassee |
| - Genesee | - Macomb | - St. Clair |
| - Hillsdale | - Mason | - Washtenaw |
| - Ingham | - Monroe | |

Others Participating in the Discussion:

- | | |
|---|-----------------------|
| - Focus Macomb | - MI Suburbs Alliance |
| - SEMCOG | - MITA |
| - SMART | - Michigan Chamber |
| - Detroit Regional Chamber | - CRAM |
| - Grand Rapids Chamber | - ACEC |
| - Ann Arbor Chamber | - TRU |
| - MML | - MAC |
| - Washtenaw Area Transportation Study (WATS) | |
| - Oakland County Business Roundtable Transportation Committee | |

The 3 transportation problems for Michigan:

- Deteriorating road conditions
- Increasing road congestion
- Need for transit improvements & expansion



The Situation:

- Southeast Michigan:
 - \$30 billion in unfunded road needs through 2030 (Source: SEMCOG)
 - \$4.5 billion in unfunded transit needs through 2030 (Source: SEMCOG)
- Michigan sacrifices about \$100 million per year in federal transit funds
(source: Michigan Land Use Institute)
- A quality transportation infrastructure -
- both roads & transit -- is critical to Michigan's economy.

Why do we have a problem?

Per Capita **State & Local** Expenditures (Michigan's Rank in the Nation)

<u>Expenditures</u>	<u>1964</u>	<u>1974</u>	<u>1984</u>	<u>1988</u>	<u>1992</u>	<u>2005</u>
Health	5	8	9	3	12	13
Education	11	7	10	7	11	13
Welfare	31	5	3	8	17	34
Roads	43	44	42	44	49	44

Source: U.S. Census Bureau

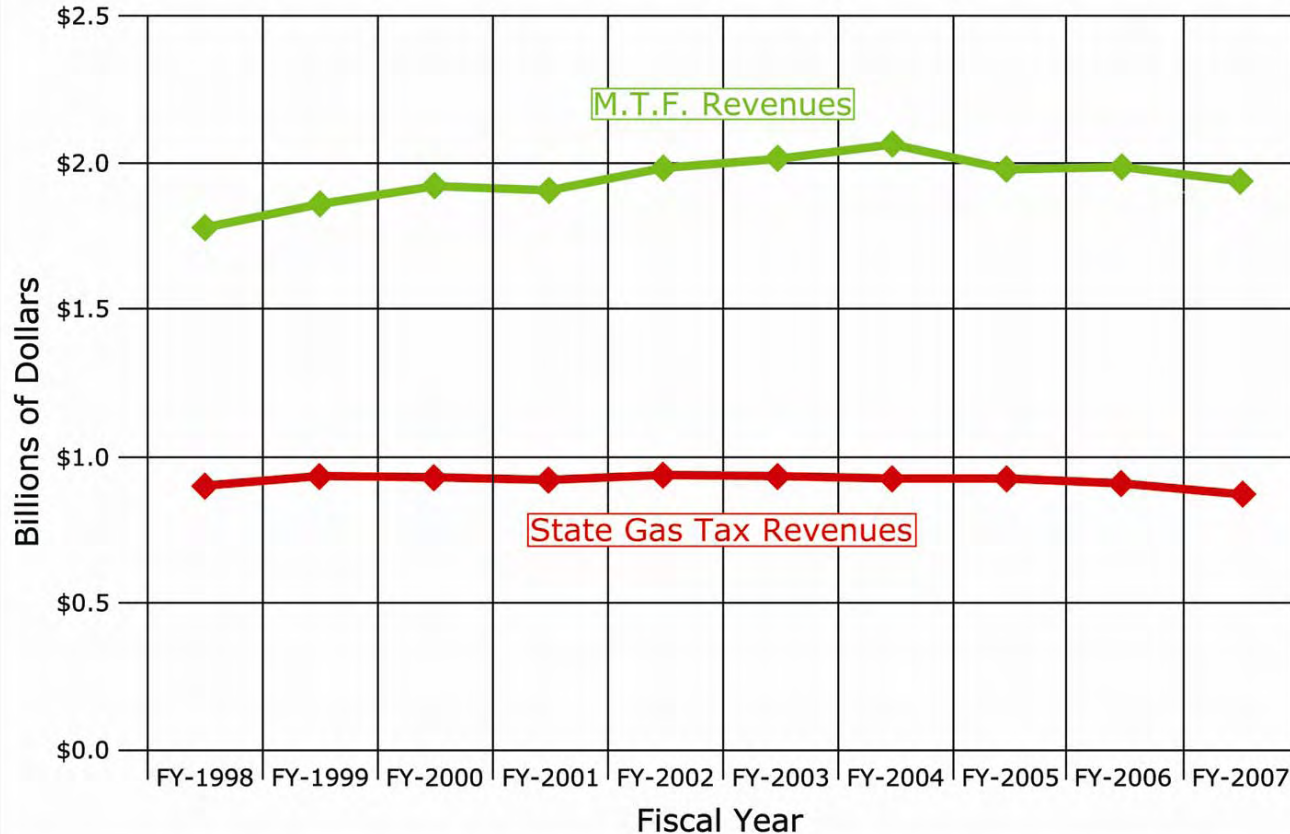
Problem No. 1: Road Condition (Potholes)



- Michigan's roads are crumbling.
- Asset Management Council says at current investment level, deterioration rate will dramatically increase.
- Where does road repair money come from?
- The Michigan Transportation Fund (MTF).

What's wrong with the MTF?

STATEWIDE M.T.F. AND GAS TAX GROWTH



M.T.F. GROWTH

FY-98 = \$1,778,725,081

FY-07 = \$1,968,557,955

Increase: 10.67%

Avg Ann Incr: 1.13%



GAS TAX GROWTH

FY-98 = \$900,750,388

FY-07 = \$885,777,066

Decrease: - 1.66%

Avg Ann Decr: - 0.19%



Example: One Road Commission

Operating (MTF) Revenues

Increase, FY1998 - FY2007: 11%

Actual Cost Increases (98-07)

<u>Item</u>	<u>% Increase</u>
Gravel	20%
Asphalt	48%
Salt/plow truck	74%
Plow blades	89%
Sign posts	95%
Guardrail & hardware	113%
Traffic signal cable	140%
Fuel	300% +

Problem No. 2: Road Congestion



The Human Cost:

Increased congestion leads to:

- Increased traffic & pedestrian fatalities & injuries
- Decreased economic development
- Increased air pollution
- More money spent on gas
- Delayed buses due to congestion

BBT's Position on Congestion:

Congestion MUST be reduced to:

- Ensure economic vitality
(retain & create jobs)
- Increase global competitiveness
- Enhance quality of life & safety

Problem No. 3: Transit Needs

- Business recruitment & job creation are hampered by Michigan's lack of transportation options.
- Michigan competes with states that have modern public transit systems.
- \$1 invested in transit brings \$6 in related economic activity.
- The CTF formula impedes improvement to transit. More money for one system = less for others.

What's the answer to the road & transit problem?

- Increase federal funding?
- Enact "Drive MI"?
(Would just address the road condition problem)

Is increased federal funding a solution?

- Oct. 1, '08: Fed. funds could drop 40%.
- Little chance of increasing the fed. gas tax.
- Little chance of decreasing Michigan's donor status
- But, even if we did get more federal money...
- ... Due to the 75/25 split of federal funds (MDOT/locals), increasing federal funding would not make much of a difference to locals.

Bottom Line:

- The Feds aren't going to bail us out.
- We need Drive MI just to maintain the existing system.
- But, we need other tools to ENHANCE Michigan's transportation system.
- So, what's the solution?

The Solution:

Create a “self-help”

Transportation Fund

Strategy:

- Create self-help local options
- Funds raised locally
- Used locally
- Defined program
- Countywide or regional

A Flexible Program

- Each county decides if it wants to participate.
- Participating counties select funding tools that meet their needs.
- Funds could be for any transportation enhancement.
- Some counties would use just for roads...

- ...Others may use just for transit.
- Some would use for roads **AND** transit.
- Each county would “sell” its program to its voters.
- Counties could work together on **regional** solutions.
- County commissions would place on ballot.

The Program: Proposed Local Funding Options:

- Local-option gas & diesel taxes
(1 county = 3 cents; 2 counties = up to 5 cents; 3 or more counties = up to 7 cents)
- Local-option vehicle registration fee
(up to 20%)
- Local-option license fees
(\$25 operator, \$35 chauffeur)
- Local-option property transfer fee
(up to 0.35%)
- Local-option sales tax (up to 1%)

Consider:

Today:

- 37 states allow local-option sales taxes.
- Michigan does not.
- Michigan ranks in the bottom 10 states in per capita state & local road funding...
- ...And has for the last 40-plus years!

The BBT Proposal is:

- An ECONOMIC-REFORM package.
- A JOB-CREATION package.
- A QUALITY OF LIFE and SAFETY package.

The Economics:

Investment in transportation infrastructure:

- Creates good jobs
- That can't be exported
- Stimulates economic development
- Helps Michigan compete with other states
- Saves lives by making transportation safer

We need your support!

- **Please** recommend that the legislature enact the BBT enabling legislation.
- Remember: The enabling legislation does not impose a tax on Michigan residents or businesses –
 - It just provides communities with additional funding tools.

2 additional tools BBT is working on:

■ Private Investment Infrastructure Funding (PIIF) proposal

- Creates a new funding mechanism via private sector investment in transportation improvements
- Another new mechanism not currently available

■ Public-Private Partnerships

- Allows private sector to build and/or operate public infrastructure.
- Potential revenue source for transportation agencies.
- Endorsed by the Federal Highway Administration.
- In use in: Illinois, Indiana, Florida & elsewhere.
- Michigan does not have this enabling legislation.

QUESTIONS ???

